

**MINUTES OF THE  
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING  
WEDNESDAY, FEBRUARY 11, 2009, 2:00 P.M.  
Room 445, State Capitol**

Members Present: Sen. Howard A. Stephenson, Co-Chair  
Rep. Merlynn T. Newbold, Co-Chair  
Sen. Lyle W. Hillyard  
Sen. D. Chris Buttars  
Sen. Karen W. Morgan  
Rep. Tim M. Cosgrove  
Rep. Lorie D. Fowlke  
Rep. Kevin S. Garn  
Rep. Francis D. Gibson  
Rep. Bradley G. Last  
Rep. Rebecca D. Lockhart  
Rep. Ronda Rudd Menlove  
Rep. Marie H. Poulson  
Rep. Phil Riesen

Members Absent: Rep. Gregory H. Hughes

Staff Present: Ben Leishman, Legislative Fiscal Analyst  
Patrick Lee, Legislative Fiscal Analyst  
Karen C. Allred, Secretary

Public Speakers Present: Tim Smith, Superintendent, Utah Schools for the Deaf and the Blind  
Todd Hauber, Associate Superintendent, Utah State Office of Education  
Patti Harrington, State Superintendent, Utah State Office of Education  
Brenda Hales, Associate Superintendent, Utah State Office of Education  
Judy Park, Associate Superintendent, Utah State Office of Education  
Larry Shumway, Deputy Superintendent, Utah State Office of Education

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Newbold called the meeting to order at 2:20 p.m.

1. **Minutes**

**MOTION:** Rep. Last moved to approve the minutes of 1/28/2009 and 2/2/2009.

The motion passed unanimously with Reps. Cosgrove, Garn and Menlove absent for the vote.

## 2. Education Bills

There are three education bills that have fiscal notes which need to be discussed.

### a. **H.B. 296 - Schools for the Deaf and the Blind Amendments** (*Sumsion, K.*)

Rep. Sumsion explained that a task force was established two years ago and started working on this bill. There has been input from many individuals, and it has had twelve revisions. The task force is updating the terminology, statutes, and addresses issues with eligibility. There are two issues that generate a fiscal note. One is regarding the organizational structure. Currently, there is one Superintendent with several positions under this person. The task force has recommended that there be an Associate Superintendent for the Blind and an Associate Superintendent for the Deaf.

The second fiscal note is regarding a resource center called the Utah State Instructional Materials Accessibility Center (USIMAC). This is the center that manages and puts books into Braille. This resource center is available to high schools in the state as well. This resource center is required under federal law. This bill puts Utah statute in line with federal requirements. This center was funded with one-time money in FY 2009.

Rep. Lockhart asked if the bill must be passed this year for compliance with federal law. Rep. Sumsion said that in the past, the resource center has not been part of Utah statute.

Mr. Lee said that the Individuals with Disabilities in Education Act that was reauthorized in 2004 mandates that students with disabilities must be provided with materials that will allow them to study the same as other students. When the Center was established with one-time funds last year, those were start-up costs and they were able to get the Center up and running so that they could then determine what their ongoing budget would actually be.

Superintendent Smith of the Utah Schools for the Deaf and the Blind reported that USIMAC was mandated by the federal government. The purpose is to provide adequate materials at the beginning of the school year for sensory impaired students. For those students who are blind, all materials must be provided in Braille. Currently, there are only four people doing all of the work for all of the students in the state with sensory impairments. They have not completed the work on every piece of instructional material.

Rep. Newbold asked if Rep. Lockhart's question was answered, or if she was asking if there would be repercussions if the Center was not funded this year. Rep. Lockhart said that she

wanted to know what would happen if the Center was not funded, what would happen if it was funded with one-time money again? Would it be possible to separate the bill into the two pieces mentioned?

Superintendent Smith answered that if it is not funded, USDB would not be able to fund the center. USDB would be able to carry on the salaries of at least three of the individuals. By cutting back one position, it would lengthen the time to provide the materials. This could mean losing the program which would go against the federal mandate.

Rep. Sumsion responded that the first issue regarding two associate superintendents could probably be delayed without impacting the federal mandate associated with the second issue.

Superintendent Smith said that USDB deals with three distinct communities, the need for the extra associate superintendent over the deaf is a critical issue for the community of the deaf. They feel they are not receiving equal representation pertaining to the programs from USDB that are provided for them. There would be an individual who has direct line of authority to that community.

Sen. Stephenson asked if this would mean that the level of administration would be too high compared with the number of individuals being served. Will these administrators have teaching responsibilities as well?

Superintendent Smith said that the associate superintendents would have statewide responsibility over their area. Part of their responsibility would be teaching the teachers and other staff members. It is very difficult for two people to manage all of the programs in the state. When Rep. Sumsion reported that some vacant positions would be rolled to fund this position, this means that the director over the residential program, and two different departments have been combined under another director. The savings from these two positions were part of the calculation.

**b. S.B. 159 - Math Education Initiative** *(Stephenson, H.)*

Sen. Stephenson explained that he met with the State School Board about this bill. The board is concerned about starting new programs on a year when there is a budget downturn. They gave some suggestions for downsizing the bill. These suggestions have been incorporated and should be available on the web shortly. The original bill provides for Singapore math grants to reach as many as 10,000 elementary students. This would be a one-time expenditure, and called for funding to implement a Math for America program which brings highly qualified individuals from the private sector with extensive experience in math to secondary schools. The State School Board asked that this be downsized and delay the Math for America program for one year. The bill will be redrafted to comply with

the Board's recommendations. The original bill called for extensive training of 400 classroom teachers in Singapore math. It is wise that the School Board recommend that is done on a smaller scale and implement it correctly. The original fiscal note was about \$1.7 million, the new changes will take this to \$500,000.

Rep. Gibson asked for a synopsis of Singapore math and if this would be at a district or school level. Sen. Stephenson said that Singapore math is a proven method of teaching math which focuses on problem solving and math facts, not just working formulas. It also uses automaticity in math, which means students are fluent in mathematics. Singapore math ranks 1st or 2nd on the Teaching Integrated Mathematics and Science (TIMS) program. Grants would be offered to schools and charter schools who voluntarily switch to Singapore math. These schools would be compared with those that don't use Singapore math.

**c. H.B. 66 - Property Tax Amendments** (*Newbold, M.*)

Rep. Newbold is the sponsor for this bill. This bill does not have a fiscal note in its first year, but in its second year it has a positive fiscal note of \$9 million. The education formula has a requirement that every school which would like to participate in the Minimum School Fund assess a property tax at a basic level. Every district is guaranteed that the money generated by this levy is adequate to cover the Weighted Pupil Unit (WPU) of their district. If it doesn't, the money will be backfilled from the Uniform School Fund so that every district is equalized in this area. There is a recapture provision that has been in effect since 1980 that when the basic levy is assessed, should an area generate more tax dollars than are needed to fund the WPU that they are entitled to, these monies will come back to the state and be deposited in the Uniform School Fund. During the 1980's the basic levy was set at about .0045. It stayed in this range until 1995, there was a change in the tax law and the basic levy was set at about .0023. H.B. 66 condenses the 14 levies that the school district is authorized to levy down to 6. All of the items that are entitled the M & O Budget Items are under one item called the Board Discretionary Levy. It gives greater latitude and simplification to local school boards to administer those monies. It would also increase the basic levy from .00125 up to .002.

**3. Follow-up On Requested Items from February 9th Meeting**

Mr. Hauber explained in detail the handouts that were distributed. He explained that he met with Sen. Buttars to discuss these items. The pass-through amount of \$3,081,800,00 are funds that flow through to the school districts. Of that amount \$1,800,000 is used to administer the UPASS test; \$582,262 is used for Mentor Grants; and \$699,415 is the allotted share of the indirect cost pool. There is \$10.2 million for current expense, the

largest sum of that money has to do with the funding that is provided for the different types of testing: several CRT's, UBSCT, Iowa, etc.

Sen. Buttars asked why it costs \$3 million to administer one test. Mr. Hauber explained that the \$3 million is for all three areas, UPASS, mentor grants and the indirect cost pool allocation.

Ms. Park stated that the UPASS flow-through dollars are to assist the schools and districts in administering all of the assessments: CRT, DWA, UBSCT, MRT, etc. The costs that are incurred at the local level include someone who gets the tests, distributes them to the schools, that trains the people who administer the test and collect the test appropriately. It is a complicated process and takes quite a bit of personnel to manage handling all of the testing materials and getting them back to the State Office.

Ms. Park responded to the questions raised by Sen. Stephenson at the last meeting regarding what the impact would be of having 100 percent online testing. In 2007, 8 percent of the tests were on computer. In 2009, the projected amount is 66 percent. The ability to utilize computerized testing is a result of the Legislature funding the purchase of new computers and all of the additional costs associated with moving to computerized testing. There would have to be additional funding to provide 100 percent online testing. The funding would be used for bandwidth upgrades, hardware acquisition and replacement, infrastructure and facilities, technical support, and software for providing accommodations. The School Board is not ready to go to 100 percent online testing. Currently, the administration of CRTs via computer costs \$3.67 per student. If there were 100 percent participation in computer based testing, this cost would be reduced to \$2.32 per student, and an additional \$463,148 would be saved in printing and distribution costs. The most difficult test to switch to computerized based testing would be the UBSCT. There would have to be an expanded testing window and many other changes to how the test is currently administered. It is projected that it would cost \$3,000,000 to administer the UBSCT annually. Numerous accommodations have to be made in order to allow all students to take this exam. The current printing and distribution cost to administer the UBSCT is \$330,674.

Rep. Newbold asked for clarification on these amounts. Ms. Park explained that the most expensive alternative is to do both, which is occurring right now.

Superintendent Harrington responded to the two requests made of her at the last meeting with a presentation. The first was to provide some scenarios or options that might be utilized in setting the budget for FY 2010 for public education. The second is to provide some information related to how the role of the Utah State Office of Education may be duplicative with other entities.

Superintendent Harrington gave a presentation which stated that Utah's Public Education Budget is \$3.1 billion, which is 50% of all state funding. One WPU is about \$25 million. Compensation makes up 85% of the WPU. She suggested five possible scenarios. She listed vital questions, reactions from the field, preference of cuts from responders, notable quotes, programs that work, and what must be preserved.

Sen. Stephenson asked about the partnerships with the Utah Electronic High School. Superintendent Harrington answered that the partner is the American Academy. This is a nationwide pseudo name for the Utah Electronic High School. The Academy brings students from across the nation and even the world to the state of Utah because of the quality and low cost to these electronic courses.

Ms. Hales explained that every out-of-state student who uses the Utah Electronic High School pays a fee. In addition to the fee obtained, the Academy is also helping to help with technical resources. Ms. Hales can obtain the exact amount of this revenue.

Sen. Stephenson reported to the Subcommittee that the Utah Electronic High School was spearheaded by former Rep. Richard Siddoway. The model that was bare-boned. Other states have budgeted vast amounts of money to their own electronic high schools and don't have much to show for it. Ms. Hales reported that last year there were 20,000 new accounts. So far this year, there have been 9,000 - 10,000 new accounts. This is essentially run by one person and two clerks, which are contracted out to teachers.

Sen. Hillyard complimented the Superintendent on the great work that the State Office of Education performs. He stated that in this state Public Education is the number one priority. He asked her to look at the following items when making the budget cuts: 1) determine which programs can have their budgets cut without devastating results, 2) look at internal funds, 3) can the larger districts help the smaller districts, 4) spending components (amount, stipulations, timing, etc.).

Rep. Newbold appreciated the approach given by the Superintendent. She asked the Superintendent to send a copy of the presentation by e-mail to the members of the Subcommittee.

Rep. Fowlke complimented Superintendent Harrington on her presentation.

Mr. Shumway showed the Minimum School Fund and looked at what cuts would be necessary to meet the \$344 million. In order to meet these cuts, Mr. Shumway identified very specific cuts. Because 85 percent of the budget is personnel related, \$344 million is approximately 5,000 positions, this would be about 3,300 teaching positions.

Mr. Shumway said that there is currently \$420 million in Rainy Day Funds. If the Legislature decided to spend \$150 million this year and \$150 million next year, this would leave \$120 million in Rainy Day funds. If half of this came to Public Education, that would be \$75 million. There is \$100 million set aside for enrollment growth. If this amount is split over two years, that would be \$50 million. The federal stimulus is projected to be \$300 million; with \$180 million for Public Education over two years. That is \$90 million. These amounts would add up to \$215,000,000.

Rep. Gibson expressed appreciation to Superintendent Harrington and Mr. Shumway. He also expressed concern about planning on the federal stimulus dollars coming immediately.

Superintendent Harrington discussed the second question she was asked to answer regarding duplication. Schools, districts and the State School Board are grouped to provide a clear division of labor. The focus of schools is on teaching and learning, the focus of districts is the operational side, and the focus of the State Office is on the client side. There are some overlapping missions with colleges and universities, regional service centers, risk management, commercial "shops" for curriculum, and multi-state service centers.

Rep. Menlove asked about the duplication with Higher Education in the concurrent enrollment area. Is there a way that Higher Ed. and Public Ed. could work together and form a stronger partnership. Superintendent Harrington answered that the dialog between Higher Ed. and Public Ed. is taking place and they are working together.

#### **4. FY 2009 Supplemental & FY 2010 Education Budgets**

Rep. Newbold explained that the Subcommittee has been asked to determine \$444,589,100 in ongoing budget cuts. To date, through the Special Session, and through the initial supplemental budget, some items have been backfilled. The decision before this Subcommittee is where the permanent on-going cuts will be made. If there is a recommendation from the Subcommittee that set-aside monies be used, such as the \$100,000,000 or the Rainy Day Funds, a list of priority items will need to be made and the order that they should be added back in.

Mr. Leishman explained a handout regarding the Base Budget for the Minimum School Program. The Subcommittee needs to reach a 15% reduction from the FY 2009 Revised Budget. The Minimum School Program started with \$2.4 billion in on-going state funds. During the Special Session, this was reduced by \$73 million dollars which was backfilled for the current fiscal year. This reduction will be taken in the FY 2010 budget. The Subcommittee needs to reduce by 15% the new ongoing base of \$2,36,531,786. S.B. 4 and H.B. 3 required a reduction of \$188,850,100. The remaining reduction is \$165,979,700. In

the Minimum School Program the total change FY 2010 Base to FY 2009 Original Appropriation is \$427,990,660. This is 17.6 percent less than the amount from last session. These same reductions are applied to the School Building Program and Education Agencies.

The second chart shows what reductions have been made from the Legislature for this session. The only reduction to date to the Minimum School Program is \$9,092,000 from the Local Discretionary Block Grant. The Subcommittee needs to determine further reductions of \$418,898,600. The only reduction to date from the School Building Fund is \$818,700 from the Capital Outlay Foundation Program. The Subcommittee needs to determine further reductions of \$3,970,500. In the Education Agencies reductions were allocated to various programs in the amount of \$7,335,500. Additional reductions of \$4,473,800 were made. Line item details of these reductions are on Page 2 of the handout. Page 3 is the potential budget reductions that have been suggested over the past several days. These are further delineated on Pages 5 and 6 of the handout.

Rep. Newbold pointed out the Subcommittee total is listed on Page 1. She also pointed out that each of the areas has approximately a 17.5 - 17.6 percent cut. If this percentage is decreased in one area, it would have to be increased in another area.

Sen. Morgan asked for clarification if the cuts in the Special Session were in addition to the cuts that are already made and that is why the cuts are at 17.5 percent. Mr. Leishman said that this is true.

Rep. Gibson asked Mr. Leishman how much of the cuts are below the line and above the line. Mr. Leishman pointed out that part of the handout does show which items are above-the-line and which are below.

Superintendent Shumway commented that there are some specific cuts recommended for positions at the State Office of Education. If the Subcommittee gives them the amount of the cut, it would be their desire to be able to determine which positions will be cut.

Mr. Leishman then discussed the first item in the Minimum School Fund. This is a straight decrease in the WPU of approximately one percent, which would mean a reduction of \$18,500,000.

Rep. Newbold mentioned that Sen. Buttars wanted the Subcommittee to take the position that a vote will not be taken today. Each member of the Subcommittee should look at these items, consider the items overnight, and come prepared tomorrow to make specific decisions.



Rep. Menlove asked Mr. Leishman the following questions: If everything was cut below the line, what would be the approximate amount of the reduction? What about everything except Social Security? Could this be done structurally and still survive? If everything above the line were funded, districts would definitely struggle, but would all basic programs would be met?

Mr. Leishman reported that if everything below the line was totally eliminated, the amount would be \$592.7 million. Everything but social security would be \$507.3 million. The basis for the below the line programs are to provide added emphasis that the Legislature felt was necessary. These items all supplement the basic program. There are some designations of funds, primarily in special populations, where districts primarily get their resources for at-risk students and accelerated students. These could be cut, but the Subcommittee would have to look at the impact that would be felt by these groups.

Rep. Fowlke asked to have Superintendent Harrington's presentation e-mailed to each Subcommittee member. Mr. Leishman reported that this has been done.

Rep. Gibson asked for further clarification, if the social security & retirement costs were met, there would still be enough funds to fill the majority of the shortage by eliminating certain Legislative priorities. It is difficult to know which of these Legislative projects are functioning well and which are not and which projects benefit the entire district.

Mr. Leishman said that there are sufficient funds to take the cuts, but this should be analyzed carefully.

Rep. Newbold mentioned that eliminating some of these programs would impact certain districts disproportionately.

Sen. Buttars stated that no matter what is cut, there are going to be negative ramifications. Giving funding to the schools, and allowing them to make the choices as to what programs are cut is the best option.

Sen. Morgan commented that some of the special programs are those that are administered by the State Office. Those programs should be looked at as well.

Mr. Leishman discussed each item listed in the Minimum School Program and possible reductions that could be made.

Rep. Cosgrove asked if Item #8 "Eliminate 4th Year of High School" was actually being considered. Mr. Leishman reported that it was submitted as a suggestion. He assembled all of the suggestions that were received by the chair.

Sen. Buttars asked for clarification on the Quality Teaching Block Grant. Mr. Leishman stated that the Quality Teaching Block Grant provides for professional development opportunities.

Rep. Cosgrove asked about the possibility of eliminating one of the standardized tests. Mr. Leishman received some information regarding this from the Superintendent which is on the second page of the handout.

Rep. Fowlke asked if there was a way to know which of these programs are tied to federal dollars that would be lost if the program were eliminated. Mr. Leishman answered that the CTE program is the only item on the list that may have matching federal funds.

Superintendent Shumway reported that the first line, Reduce the Value of the WPU, does affect Special Education CTE especially in smaller schools. Mr. Leishman stated that if the WPU is reduced which reduces the funding for special education, this does not impact the federal funds for special education.

Ms. Hales stated that this is a compliance issue and involves special education federal regulations. The state office is researching this issue to determine what the federal consequences would be.

Rep. Newbold asked Mr. Shumway to come tomorrow prepared to determine which areas would be impacted with matching federal funds.

Sen. Buttars asked Mr. Shumway to confirm that the state office would prefer to give the districts and schools the maximum amount possible and allow them to make decisions regarding cuts rather than having the Subcommittee decide where the cuts should be made. Thus giving them the most flexibility.

Mr. Leishman also discussed details of Page 4 of the handout, specifically the school building programs and the education agencies.

## **5. Begin Prioritization of Reductions**

Rep. Newbold asked each member of the Subcommittee to come prepared at the next meeting to prioritize how to add money back in if possible.

**MOTION:** Rep. Poulson moved to adjourn.

Co-Chair Newbold adjourned the meeting at 4:50 p.m.

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Minutes were reported by Karen C. Allred, Senate Secretary

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Sen. Howard A. Stephenson, Co-Chair

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Rep. Merlynn T. Newbold, Co-Chair